



United States Attorney's Office
District of Columbia

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PRESS RELEASE

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District of Columbia Man Pleads Guilty In \$161,000 Tax Fraud Conspiracy

WASHINGTON - Vincent Phillips, 49, of Washington, D.C., pleaded guilty today before the Honorable Deborah A. Robinson, United States Magistrate Judge, to conspiracy and to aiding and assisting in the preparation of a fraudulent tax return in connection with the creation and submission of false income tax returns through his business, Nubian Tax Express.

The guilty plea, which took place in U.S. District Court for the District of Columbia, was announced by United States Attorney Ronald C. Machen Jr., Rebecca Sparkman, Special Agent in Charge, Washington, D.C. Field Office, Internal Revenue Service-Criminal Investigation, and J. Russell George, Treasury Inspector General for Tax Administration.

Sentencing will take place before the Honorable Judge Emmet G. Sullivan; the date has not yet been set. The maximum statutory penalty for conspiracy is up to five years of incarceration and a fine of \$250,000, or a fine of twice the pecuniary gain or loss, as well as a one-year term of supervised release, an order of restitution, and an obligation to pay any applicable interest or penalties on fines or restitution not timely made. The maximum statutory penalty for aiding and assisting in the preparation of a fraudulent tax return is three years of incarceration and a fine of \$250,000, along with the costs of prosecution.

Under the U.S. Sentencing Guidelines, the sentence in the case would likely be in the range of 18 to 24 months incarceration and a fine of up to \$40,000.

According to information submitted to the court by Assistant U.S. Attorney Sherri L. Schornstein, from Jan. 1, 2005, through Jan. 22, 2009, Phillips and others conspired to impede and impair the lawful functions of the IRS in the collection of taxes and to defraud the IRS in the approximate amount of \$161,483 by filing false income tax returns, Forms 1040. The tax returns falsely claimed credits to which various Nubian clients were not entitled, thereby generating fraudulent income tax refunds.

Phillips and employees working for him would meet with taxpayers who wanted to have their U.S. Individual Income Tax Return, Form 1040, prepared at Nubian's offices in Washington, D.C. or Capitol Heights, Md. Phillips and his employees would obtain from each

taxpayer his or her identifying information and information concerning income and expenses. In some instances, a copy of a tax return reflecting truthful information was provided to the client.

All client income tax returns prepared at the Capitol Heights office would be sent to the Nubian office in the District of Columbia, where they and the tax returns prepared at the D.C. Office were reviewed by Phillips. Unbeknownst to some of the Nubian taxpayer/clients, Phillips would alter or would direct others to alter, the clients' income tax returns, including by fraudulently claiming a non-existent Schedule C business.

Some of the Nubian clients were TANF recipients and were not required to file U.S. Individual Income Tax Returns, because they did not meet the minimum income levels (TANF is a U.S. federal government assistance program that provides cash to indigent families with dependent children). The Form 1040, U.S. Individual Income Tax Returns, were filed electronically. Phillips used another name on the electronically transmitted income tax returns. The federal tax refunds were issued directly to Nubian and deposited into a bank account controlled by Phillips. He issued checks to the individual taxpayers for their supposed federal income tax refunds. Unbeknownst to the taxpayers, Phillips was keeping a larger part of the money than the Nubian clients were aware he had obtained from the IRS as a result of the fraudulently filed income tax returns, which claimed fraudulent income tax refunds.

In announcing today's guilty plea, United States Attorney Machen, Special Agent in Charge Sparkman and Inspector General George commended the work of Special Agent Scott Riha and Michael Helgesen, IRS-Criminal Investigation; Special Agent Joseph Ratliff, Treasury Inspector General for Tax Administration, and Special Agent Joseph Sadler of the D.C. Office of Tax and Revenue. They also acknowledged the efforts of the U.S. Attorney's Office, including Paralegal Carolyn Cody and Assistant U.S. Attorney Sherri L. Schornstein, who is prosecuting the case.

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